

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (05/25):
BUTTER: Grade AA closed at \$1.9100. The weekly average for Grade AA is \$1.9100 (+.0200).

CHEESE: Barrels closed at \$1.5825 and blocks at \$1.6175. The weekly average for barrels is \$1.5705 (+.0075) and blocks, \$1.6125 (+.0050).

NONFAT DRY MILK: Extra Grade closed at \$1.0300 and Grade A closed at \$1.0400. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0400 (N.C.).

BUTTER: Butter markets are firm. Overall butter demand is fair to good. Most orders are being placed for short term or immediate needs. Retail orders are fair with some retailers indicating that consumer price resistance might be occurring. Food service orders have slowed this week as most seasonal food outlets, preparing for the upcoming holiday weekend, are ready to go and holding off placing additional orders until the weekend has passed. Stocks of butter continue to lag last year at this time. Churning schedules are slightly heavier as cream offerings are more available. Some butter handlers and traders are being offered additional volumes of bulk butter with some taking advantage of the offerings while others are passing up the opportunities.

CHEESE: The cheese market is steady. Overall, manufacturing plant capacity is not expected to be fully tested over Memorial Day weekend, normally a period of full out production. Some additional milk volumes are available to manufacturing plant operators as additional schools close for the summer. Overall, demand seems stronger for process than natural as interest is shifting toward more summer products. More buyers are limiting purchases to just short term needs and are not building inventory at current price levels. Spot offerings have not increased appreciably though a few extra loads are occasionally available.

FLUID MILK: An interesting note entering the Memorial Holiday weekend is that traditional concerns over the ability to handle surplus milk are not being expressed. In past years, processors were often faced with burgeoning milk supplies that could not be handled at local facilities. They would then discount the milk and ship it great distances to find a buyer or processing capacity. Processors in most areas of the country would actually welcome extra milk. Weather patterns continue to negatively impact milk production across most of the southern tier of states. In the Southwest, near record high temperatures are both lowering milk output and the fat and solids content of milk. In the Northwest, milk production is holding steady. Milk receipts are finally showing more seasonal increases in the Upper Midwest on the

heels of cooler weather patterns. The Southeast and Florida are seeing more hot and humid conditions causing milk to decline. Surplus milk is still available and keeping processing plants at capacity. The Northeast milk supply is trending higher. The cream markets are mixed in sporadic pre holiday trading. The current pricing advantage of California cream will end June 1st and buyers remain active in purchasing, especially into Class 3 products. There is some unsettledness in buying patterns and pricing in other areas, often depending on plants taking downtime over the weekend. Fluid milk sales patterns are slightly being altered, but a bigger impact is schools beginning to recess for summer vacations.

DRY PRODUCTS: Firming pricing trends are noted for dry whey. Supplies are often short of current trade needs. There are more reports of export interest, but current US pricing levels are higher than European prices. Lactose prices continue to trend higher with increased demand from export accounts and the feed sector. There are some producers that are shorting shipments. Nonfat dry milk prices are mostly steady across the country. The Northeast continues to be short of powder, but product is available from the West, where surpluses continue to clear into the support program. Dry buttermilk supplies remain tight at the producer level and prices are steady to higher when available. Whey protein concentrate prices are unchanged and supplies range from short to in balance.

CCC: During the week of May 21 - 25, CCC net purchases totaled 6,587,731 pounds of nonfortified NDM and 396,677 pounds of fortified NDM from the West.

COLD STORAGE (NASS): U.S. cold storage holdings of butter on April 30, 2001, total 104.6 million pounds, up 15.6 % from March 31, 2001 but 17.5% lower than April 2000. Natural American cheese holdings total 512.5 million pounds, an increase of 1.4% from a month ago but down 10.0% from last April.

MARCH FLUID MILK SALES (AMS, CDFA): During March, about 4.5 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.3% higher than March 2000. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from March 2000, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier.

ERRATA: In last week's report, the "November Mailbox Milk Prices" contained some incorrect data. The November 2000 prices for Illinois, Wisconsin, Minnesota, and Iowa/Kansas/Nebraska should have been \$11.64, \$11.52, \$11.57, and \$11.57, respectively.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 21	TUESDAY MAY 22	WEDNESDAY MAY 23	THURSDAY MAY 24	FRIDAY MAY 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5600 (-.0075)	\$1.5600 (N.C.)	\$1.5700 (+.0100)	\$1.5800 (+.0100)	\$1.5825 (+.0025)	+.0150	\$1.5705 (+.0075)
40# BLOCKS	\$1.6075 (N.C.)	\$1.6075 (N.C.)	\$1.6125 (+.0050)	\$1.6175 (+.0050)	\$1.6175 (N.C.)	+.0100	\$1.6125 (+.0050)
BUTTER GRADE AA	\$1.9100 (N.C.)	-----	\$1.9100 (N.C.)	-----	\$1.9100 (N.C.)	N.C.	\$1.9100 (+.0200)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$1.0300 and Grade A price is \$1.0400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 21, 2001

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.6075; BIDS UNFILLED: 3 CARS 40# BLOCKS @ \$1.6075; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600

BUTTER — SALES: 2 CARS: 1 @ \$1.8800, 1 @ \$1.9100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, MAY 22, 2001

CHEESE — SALES: 1 CAR BARRELS @ \$1.5600; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.6075; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6200

WEDNESDAY, MAY 23, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.5700, 1 @ \$1.5650; 5 CARS 40# BLOCKS: 1 @ \$1.6125, 1 @ \$1.6100, 3 @ \$1.6075; OFFERS UNCOVERED: NONE

BUTTER — SALES: 7 CARS: 1 @ \$1.9100, 1 @ \$1.9050, 1 @ \$1.9075, 1 @ \$1.8950, 1 @ \$1.9000, 1 @ \$1.9075, 1 @ \$1.9100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS: 1 @ \$1.9125, 1 @ \$1.9200, 1 @ \$1.9300

THURSDAY, MAY 24, 2001

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.6150; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5800; 4 CARS 40# BLOCKS: 1 @ \$1.6175, 1 @ \$1.6150, 2 @ \$1.6125; OFFERS UNCOVERED: NONE

FRIDAY, MAY 25, 2001

CHEESE — SALES: 1 CAR BARRELS @ \$1.5825; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6175; OFFERS UNCOVERED: NONE

BUTTER — SALES: 7 CARS: 1 @ \$1.8975, 1 @ \$1.9000, 1 @ \$1.9025, 1 @ \$1.9050, 2 @ \$1.9075, 1 @ \$1.9100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS @ \$1.9100

Dairy Market News will report CME nonfat dry milk activity only on the sessions when trading occurs.

BUTTER MARKETS**APRIL MONTHLY COLD STORAGE**

According to NASS, April month-end cold storage figures for butter total 104.6 million pounds, 17.5% less than last year but 15.7% heavier than March holdings.

NORTHEAST

The market tone remains firm. The AA price continues to move higher at the CME. Some people in the trade see the market as a little confusing. Prices continue to rise at a time when cream volumes are increasing and imports are reportedly above year earlier levels. Current churning activity in the East is moderate to heavy as local availability of excess cream is increasing, particularly late in the week. Butter stocks are held with confidence, but still below desired levels. Demand for bulk and print butter is fair to good. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

CENTRAL

The market tone is firm. Some producers and handlers feel that the cash price at the CME may have attained a level that might hold for a period of time. Current churning activity is mixed. Many butter producers are holding their production levels with sufficient cream offerings coming their way. In instances, some butter operations are quoting what they will pay for cream. Cream volumes are often

more available than butter operations are taking in. Often these cream offerings are higher priced than butter operations are willing to pay. Stocks of butter continue to trail last year at this time. Some Midwestern butter operations report that they are being offered Western produced butter. Overall butter demand is fair at best. Most orders are being placed for short term needs. Food service orders have slowed this week as most seasonal food outlets, preparing for the upcoming holiday weekend, are ready to go and holding off placing additional orders until the weekend has passed. When available, bulk butter for spot sale is selling in a price range of 3 - 5 cents per pound over various pricing bases.

WEST

Bulk butter demand is somewhat mixed. Some sellers report sales as excellent within the region and into other regions. Others report a slowdown and more price resistance. Print orders are about steady. Cream demand for product sourced from California is excellent and will remain so through the end of the month. Other cream is facing a slower market. U.S. butter stocks are 18% less than a year earlier. Some contacts wonder if this fact will mean some additional support for the market. CME weekly butter stocks jumped by 4.3 million pounds this past week. This is the largest increase since early in the year. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
MAY 19	1.5132 7,338,994	1.5204 8,077,252	1.0187 23,516,002	1.8487 3,517,947	0.2615 12,078,917	2.2671 2,322,434	2.3328 5,377,994

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are again higher on process and natural cheddar items. The market tone is firm. Demand for cheese is improved in the food service channels as the upcoming Memorial Day weekend finds many "shore" restaurants preparing for the holiday weekend and the beginning of the summer season. Retail demand is just fair as increasing prices are doing little for sales. Production levels are steady to slightly heavier as more milk was available during the past couple weeks. Milk output is slowly increasing and, along with generally slow Class I demand, has pushed a little more milk to cheese makers. Stocks of cheese are adequate to cover current needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6525-2.1225
Cheddar Single Daisies	:	1.6100-2.0700
Cheddar 40# Block	:	1.7475-1.9300
Process 5# Loaf	:	1.7750-1.9350
Process 5# Sliced	:	1.7950-2.0500
Muenster	:	1.8125-2.0200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is about steady. Most processors/packagers are trying to arrange schedules in order to meet orders yet enjoy an extended holiday weekend, reducing bulk cheese needs. Buyers continue to purchase just for short term needs and may be working off some inventory built previously at lower prices. In general, process demand is stronger than natural, typical for the start of summer. Demand for processing solids remains strong as processors try to offset current barrel prices with other solid sources. Mozzarella demand is steady to occasionally lighter. Overall, cheese supplies seem to be in fairly good balance with demand although a few producers are starting to have an extra load or two of mozzarella and/or American on hand. Cheese yields are lower as protein and fat contents are lower on incoming milk supplies. Extra holiday weekend milk supplies will be welcomed by most plant operators.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7850-1.9000
Brick And/Or Muenster 5#	:	1.8600-2.2025
Cheddar 40# Block	:	1.8600-2.1150
Monterey Jack 10#	:	2.0900-2.2300
Blue 5#	:	2.3475-2.4900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.1450-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : MAY 21 - 25, 2001

BARRELS*	:	\$1.5675 - 1.5850 (NOMINAL)
	:	(-.0675)
40# BLOCKS	:	\$1.6075 - 1.6375 (NOMINAL)
	:	(\$1.0125) (-.0300)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices continue to increase. They have increased for ten consecutive weeks. Most manufacturers are calling it a balanced market at this time. Some buyers are trying to order just as they need the cheese because of the relatively high prices. Some admit that they are working off some existing inventories. Demand for mozzarella remains strong with any offerings clearing quite easily. Natural American cheese stocks at the end of April total 512.5 million pounds, down 10% from last year at the same time period. Over the last five months, cheese stocks have declined about 11 million pounds. More typically over the same time period for the last few years, stocks have increased by more than 70 million pounds. Swiss stocks total 12.2 million pounds, down about 19% from last year. Demand for Swiss cheese is very good for this season of the year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7150-1.9750
Cheddar 40# Block	:	1.7300-1.8925
Cheddar 10# Cuts	:	1.9100-2.1300
Monterey Jack 10#	:	1.9200-2.0800
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5100

FOREIGN

Prices for domestic styles continue their upward spiral. This is the tenth consecutive week that domestic prices (usually based on the weekly CME average for 40# blocks) have increased. The price increases are doing little to help sales and consumption levels. However, the high price for domestic cheese does help importers with sales of cheese used in further processing. Overall demand for foreign type is just fair and often for immediate needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.9550-3.4500*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.5225*
Parmesan (Italy)	: TFEWR	: 3.3700-3.3950*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.9625-2.1825*
Romano (Cows Milk)	: -0-	: 3.1450-5.3250*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.5900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	:
05/21/01	29,880	: 122,488
05/01/01	25,175	: 122,899
CHANGE	4,705	: -411
% CHANGE	19	: N.C.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	194	0	186	0	119
SOUTHEAST STATES	0	0	0	0	0	0

During April, milk production in the 20 major states totaled 12.2 billion pounds, down 1.9% from April 2000. The following are the April to April changes for selected states: Texas -12.3%, Vermont -6.4%, Pennsylvania -5.7%, New York -4.2%, Kentucky -3.2%, Virginia -2.4%, and Florida -0.4%. For the above-mentioned states, the combined milk cow numbers are down 71,000 head (3.2%) from last April. The seven-state total at 2.16 million head represents about 28% of the 20-state total. The base price for Class I milk for June 2001 is \$14.99 per cwt., up \$0.78 from May 2001. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for June is \$8.60, up two cents from May. Memorial Day weekend is upon us. It wasn't too many years ago that the thought of Memorial Day and all the surplus milk struck fear in the hearts of Eastern manufacturing plant managers. This year, some of those same managers are looking for more milk to process. This week, milk production continues to ease higher in the Northeast while starting to fall in Florida and other Gulf Coast states. In Florida, seasonal heat and humidity have finally showed up and milk output is being affected. However, with some schools closing this week, Florida handlers are still exporting quite a bit of surplus milk. Bottled milk sales are sluggish in much of the region. More schools in the Southeast are recessing for the summer with the majority closing during the next week or two. Surplus milk volumes are heavy in the Southeast and most plants are operating at capacity levels. In the Northeast, surplus milk volumes are slightly heavier due to slow to fair Class I demand and slightly heavier milk output. Contacts do expect to have more milk over the holiday weekend, but few expect difficulty clearing it. The condensed skim market is weaker as more suppliers have more wet solids to sell. Demand is fair at best, which is forcing some loads to move at distressed prices. There have been reports of Class III condensed skim moving to the Midwest at prices in the mid-70's, f.o.b. The fluid cream market is a bit weaker. Supplies are heavier this week and more is clearing to Class IV outlets in the Midwest. Class II & III demand are fair to good. Cream cheese producers are taking advantage of the heavier spot offerings and lower multiples. Despite lower multiples, spot prices are up from last week. Ice cream production is steady, but some producers are shutting down for the long, holiday weekend which should push more cream to Class III & IV plants. However, with the possibility of lower priced cream, some ice cream makers will operate during the weekend. Churning activity is steady.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.4003-2.5893
DELIVERED EQUIVALENT ATLANTA	-	2.3814-2.5893 M 2.4192-2.4570
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.4003-2.5515

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -	1.0900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8000- .9600

M I D W E S T

Class I demand is still holding near normal levels despite additional schools closing for the summer vacation. Extra milk is expected to back up from Class I channels over the long Memorial Day weekend with most extra offerings expected from within-the-region sources. Manufacturing milk demand is still good though premiums are steady to lower. Sharply lower prices were reported on spot deals delivered during the holiday weekend. Premiums paid prior to the holiday were in the \$1.70 - 2.00 over class area. In general, minimal

problems are anticipated with extra supplies over the holiday weekend. Condensed skim prices are steady. Cream demand is strong as users, including ice cream, build stocks seasonally. More ice cream producers are operating on extended schedules, though most will try to be closed at least 2 days over the holiday weekend, causing cream supplies to back up. Cream demand is good but expected to slow over the weekend as many operations close. Milk protein and fat tests are slipping. Milk receipts are finally showing more of a seasonal increase in the upper tier of states. Above normal temperatures late last week did cause milk receipts to stagnate temporarily, though cool, often wet, conditions returned to the upper tier of states and receipts rebounded. The hot then cool weather pattern was also noted through much of the mid-tier of states. Milk receipts are lower in Texas and the southern part of the region. Spring planting is currently slowed by wet fields though early plantings have emerged. Limited acreages of first cutting alfalfa have occurred with some more cut and waiting for drying weather. Lawn and pasture growth is active.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 49.00	\$ 38.00- 44.50
REPLACEMENT HEIFER CALVES	\$350.00-450.00	\$310.00-390.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 54.00	\$ 37.00- 47.00

W E S T

Milk production is declining across most of the Southwest, reflecting the effects of record or near-record temperatures. In addition, fat and protein levels are dropping. Processing yields are lower. Energy interruptions were not reported this week as power was adequate for California. Reports are quoting officials stating that more advance notices will be given to areas about impending blackouts should they occur. This would be welcome from dairy processors who could either shut down lines or have backup generators on standby. Record temperatures are common across Arizona with temperature around 110 degrees noted. Despite lower nighttime temperatures and low humidity, milk production is declining. Producers have heat abatement measures in place such as fans and misters. Processors are seeing yields decline because of lower fat and solids levels in incoming milk. Weather conditions are also affecting milk output in New Mexico. Reports are that milk is off a couple of percentage points. Cream demand is mixed in the region. California cream prices will be lower priced than Federal Orders until June 1. Buyers are pushing hard for the lower priced cream with orders into next week still good. There are some processors that are down for an extra day over the holiday weekend, which is putting extra cream on the market. Western cream multiples continue to range from 110 to 128 FOB. Record setting warm temperatures for this early in the year were common over much of the Pacific Northwest early this week. The heat did not cause any real milk production problems at the farm level. Most of the spring crops are planted and they did receive some good moisture previous to the current hot spell, therefore growth is occurring very rapidly. Hay cutting is beginning to pick up in the region as the crop reaches maturity. Prices for new cutting hay are \$15 to \$25 higher than last year at the beginning of the season. Growers and buyers both feel that this will be a firm market throughout the year. Milk production is picking up seasonally in Utah and Idaho. Manufacturing plants are welcoming the additional volumes of milk. Conditions have been relatively cool this spring, but they are beginning to heat up this week. Hay harvesting is starting and some of the fields don't look real good. Many producers are attempting to cut back on input costs and it is showing up in how the fields look. Hay volumes are expected to be below normal trend lines. Heifer prices continue to increase sharply in the region. Prices are quite often topping \$2000. Average prices for entire sales are often in the \$1700-1900 range.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/24/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a generally steady market. Movement of Central region product into the CCC is no longer occurring. Milk production is showing some seasonal increases, yet volumes are reportedly below levels from last year. An influx of milk over the holiday weekend is anticipated to increase NDM production schedules. However, most plants are not concerned over the extra milk supplies and expect to adequately handle volumes at operating facilities. Spot sales of low heat are light with the best interest generated by brokers and cheese facilities. High heat demand remains strong with supplies generally available for contracted needs only.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0250 - 1.0650 MOSTLY: 1.0250 - 1.0500

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a generally steady market. Excess cream supplies are increasing churning activity at some locations. As a result, condensed buttermilk supplies are increasing, especially as ice cream production and demand declines in the unseasonal colder temperatures. Dry buttermilk production is increasing yet supplies remain tight for the light to fair interest. Offers are reported above and below the average. The undertone is that buttermilk prices will trend near the current level throughout much of the summer as ice cream production increases.

BUTTERMILK: 1.0550 - 1.1300

DRY WHEY - CENTRAL

Prices are higher on a firm market. Manufacturer supplies are generally tight with some producers canceling and shorting loads to regular customers. Production is mostly steady with some slight increases anticipated over the holiday weekend. Demand is light. Some buyers are expressing resistance to the current prices yet others are paying market price to gain a share of the limited supplies. Condensed supplies are tight with some buyers being shorted contractual loads. Manufacturer premiums are trending 1/4 - 1 cent over the average. Reseller supplies are available at 1/2 - 1 cent over manufacturer premiums. With lower reported milk volumes, the undertone is that prices will continue higher. However, some concern still remains in respect to international markets and the premium US product requires compared to EU supplies.

NONHYGROSCOPIC: .2675 - .2825 MOSTLY: .2700 - .2775

ANIMAL FEED WHEY - CENTRAL

Prices are mostly unchanged to higher on a firm market. Milk replacer supplies are difficult to find with some product trading evenly with the Extra Grade market. However, depending on the quality, some product is also trading lower. Roller ground production is steady yet lower than anticipated for this time of year. Prices are moving higher with the Extra Grade market. Delactose supplies remain tight with most producers unable to satisfy requests for additional loads on regular shipments. Most producers are unsure of the impact of a CCC NDM sell back in relation to delactose and remain cautiously aware of the issue. Early weaned pigs are trading lower and veal markets are steady to weak.

MILK REPLACER: .2000 - .2675
ROLLER GROUND: .2525 - .2800
DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Most plants are tight on supplies and at some locations, shipments are being shorted. Production is mostly steady with some slight increases anticipated over the holiday weekend. Domestic movement is steady with increased demand noted by the feed sector and some reduced interest by the pharmaceutical industry. Export demand continues strong into confectionary and infant formula operations. Requests are being noted from Japan, Southeast Asia, Oceania, Northern Africa, and the EU. Supplies of 200 mesh are tight with spot sales generally trading higher than the current second quarter contracts. Off grade supplies are lower compared to the week prior. Some feed buyers are looking to permeate as a substitute to off grade lactose. Permeate is being traded on export and domestic markets, encouraging tighter permeate supplies.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1675 - .2150 MOSTLY: .1825 - .1925

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Supplies are mixed. Bagged product is trading at a premium while totes are available at a discount. Some plants are shorting loads on contractual commitments while others have loads to sell. Production is generally steady with some slight increases anticipated over the holiday weekend. Export movement continues strong while domestic demand is fair. Feed interest is declining in anticipation of a CCC sell back. Offers of New Zealand and Australian 80% are available at competitive prices with the current 34% market. Some off grade MPC is also available as a competitive substitute. Off grade 34% supplies are tight for the good demand.

EXTRA GRADE 34% PROTEIN: .7900 - .8250 MOSTLY: .7900 - .8000

NONFAT DRY MILK - WEST

Prices for low/medium heat are slightly higher, but the market tone is mostly steady. The situation looks good for handling any surplus milk in the region over the holiday weekend. Balancing plants are expected to be operating at higher levels, but not at the volumes of past years. There is fair to good demand for condensed skim and NDM from cheese manufacturers. High heat prices are higher on the top end of the range. Additional seasonal accounts have developed. Production and stocks are light. During the week of May 14 - 18, CCC net purchases totaled 5.7 million pounds of nonfortified and 0.4 million pounds of fortified NDM from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9975 - 1.0325 MOSTLY: 1.0025 - 1.0200
HIGH HEAT: 1.0400 - 1.1050

DRY BUTTERMILK - WEST

Dry buttermilk prices continue to trend higher in a limited market test. Trading volumes are rather light on the spot market, leaving some buyers to look to the resale trade for product. Drying continues to be light in the region, in part due to good sales of cream to other usage. There is expected to be more churning starting June 1, when higher California cream prices affect Class 3 buyers. Dry buttermilk stocks are light.

BUTTERMILK: 1.0200 - 1.0800 MOSTLY: 1.0400 - 1.0700

DRY WHEY - WEST

Prices continue to increase for Western whey powder. The market remains firm. Buyers continue to search for additional loads of powder and they are unsuccessful in their search. Buyers often have to pay a premium to the market to acquire what they need. Supplies of powder in the Western region are in close balance with needs and are being held with confidence. Powder production is increasing seasonally, but it is lagging expectations.

NONHYGROSCOPIC: .2500 - .2750 MOSTLY: .2600 - .2675

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
May 18	\$1.0098	15,092,830
May 11	\$1.0081	13,373,651

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the Northeast prices remain nominal. Production levels are up slightly again this week as demand for condensed skim eases and supplies of surplus milk and condensed skim are heavier. The increased drying does not seem to be sufficient to ease this summer's projected tightness in the East's NDM supply. Couple increasing milk production with Memorial Day weekend, and butter/powder plants should be busy. Historically, this would be correct, but this year most Eastern plants have capacity going into the weekend. Demand for NDM is little changed and few spot sales are being reported at the producer level.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0850 MOSTLY: 1.0300 - 1.0600

HIGH HEAT: 1.0575 - 1.1100 MOSTLY: 1.0600 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged and the Northeast prices remain nominal. Production levels are about steady to a little heavier as churning activity is up slightly at some locations. Producer stocks are light and more have little to offer on the spot market. Demand is fair to good, but few spot sales have been reported this week. The demand for condensed buttermilk is seasonally fair to good.

F.O.B. NORTHEAST: 1.0300 - 1.0600

DELVD SOUTHEAST: 1.0550 - 1.1550

DRY WHOLE MILK - NATIONAL

Prices are mostly steady and the market tone is unchanged. Production levels are light to moderate and still geared toward meeting orders. Spot demand is slow. Producer inventories remain closely balanced.

F.O.B. PRODUCING PLANT: 1.3925 - 1.5400

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH MAY 18, 2001
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)

This program-year allocation is filled.

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices moved higher again this week and the market tone is firm. Northeastern prices remain nominal. Most Eastern producers indicate that more milk is available and this trend should continue through the holiday weekend and the seasonal flush, should it materialize. Reports still indicate that condensed whey continues in tight supply. Supplies of dry whey are tight and most Eastern producers have nothing to offer on the spot market. Most continue to try to catch up with contract shipping schedules and are not taking any new orders.

F.O.B. NORTHEAST: EXTRA GRADE .2675 - .2775

USPH GRADE A .2725 - .2825

DELVD SOUTHEAST: .2875 - .2975

EVAPORATED MILK - NATIONAL

Although the price range is unchanged, more producers are implementing price increases. However, some producers continue to hold their prices which is surprising in view of the rising milk prices and increasing costs of production. Also, some buyers continue to resist the higher prices and shop for the best price. Overall, buyers are accepting the price increases and making replacement-type purchases. Production levels are light to moderate, but more milk is becoming available to producing plants. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 660 for delivery July 1 - September 30, 2001. The award is for a minimum of 4,663,440 pounds and a maximum of 5,544,720 pounds at prices ranging \$0.4468 - \$0.5168 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED

MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are generally steady. Most domestic buyers continue to report that their needs are not being fully filled. For the most part, buyers are receiving stocks to just get them by. Oceania supplies are being received basically as scheduled, but European stocks are not. Milk production in Europe is just getting underway for the year and early reports indicate that milk volumes are not at anticipated levels. This is causing concern with casein and other manufactured dairy product producers about having sufficient volumes of milk to generate sufficient product to meet demand.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.4500 - 2.6500

ACID: 2.4500 - 2.6500

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	05/09	05/10	05/11	05/14	05/15	05/16	05/17	05/18	05/21	05/22
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CME - (CLASS III) MILK FUTURES -- Dollars per cwt.

MAY 01	13.71 (1695) 77	13.69 (1701) 71	13.71 (1706) 7	13.71 (1707) 60	13.69 (1696) 13	13.70 (1695) 9	13.75 (1706) 24	13.78 (1735) 32	13.78 (1735) 2	13.80 (1737) 6
JUN 01	14.34 (2181) 83	14.28 (2196) 54	14.26 (2184) 43	14.23 (2215) 73	14.24 (2241) 46	14.18 (2265) 63	14.40 (2273) 44	14.50 (2280) 29	14.44 (2303) 46	14.40 (2288) 50
JUL 01	14.34 (2363) 105	14.29 (2385) 50	14.27 (2361) 82	14.29 (2412) 83	14.26 (2445) 79	14.22 (2463) 43	14.36 (2487) 53	14.49 (2493) 32	14.50 (2508) 70	14.40 (2515) 55
AUG 01	14.39 (2350) 86	14.35 (2361) 38	14.31 (2328) 88	14.31 (2355) 79	14.28 (2382) 69	14.24 (2402) 44	14.36 (2427) 57	14.46 (2442) 29	14.45 (2451) 29	14.40 (2464) 34
SEP 01	14.48 (2290) 94	14.41 (2300) 28	14.38 (2282) 93	14.40 (2318) 75	14.37 (2340) 49	14.32 (2353) 43	14.42 (2385) 50	14.48 (2390) 22	14.46 (2415) 44	14.40 (2428) 32
OCT 01	13.60 (2015) 47	13.59 (2014) 33	13.53 (1992) 88	13.58 (1996) 50	13.55 (1997) 47	13.50 (2004) 32	13.66 (2029) 40	13.79 (2055) 33	13.76 (2064) 33	13.71 (2065) 26
NOV 01	13.09 (1508) 52	13.05 (1521) 28	13.02 (1530) 26	13.04 (1532) 19	12.99 (1522) 36	12.98 (1536) 24	13.15 (1589) 84	13.26 (1596) 19	13.27 (1606) 32	13.24 (1614) 21
DEC 01	12.50 (1240) 56	12.49 (1242) 19	12.47 (1237) 32	12.49 (1248) 13	12.47 (1268) 27	12.40 (1276) 28	12.60 (1284) 19	12.65 (1287) 8	12.66 (1297) 33	12.65 (1296) 15
JAN 02	11.57 (281) 8	11.57 (281) 0	11.56 (289) 11	11.56 (291) 2	11.55 (293) 3	11.50 (304) 17	11.57 (312) 21	11.63 (311) 25	11.66 (316) 16	11.64 (318) 2
FEB 02	11.47 (190) 0	11.47 (190) 0	11.47 (214) 29	11.47 (219) 7	11.44 (219) 2	11.41 (236) 17	11.44 (242) 19	11.50 (226) 23	11.54 (228) 7	11.52 (235) 13
MAR 02	11.40 (121) 1	11.39 (122) 1	11.35 (134) 15	11.40 (139) 7	11.38 (146) 10	11.35 (151) 7	11.37 (162) 23	11.42 (162) 4	11.50 (171) 14	11.50 (171) 5
APR 02	11.38 (40) 2	11.37 (45) 7	11.36 (53) 16	11.37 (58) 6	11.37 (68) 10	11.35 (70) 9	11.37 (88) 26	11.45 (89) 4	11.50 (96) 19	11.50 (99) 4
MAY 02	11.75 (10) 0	11.75 (10) 0	11.75 (11) 1	11.55 (11) 0	11.55 (11) 0	11.55 (11) 0	11.55 (11) 0	11.55 (11) 3	11.55 (22) 11	11.55 (22) 0
JUN 02	12.18 (4) 0	12.17 (4) 0	12.17 (4) 0	12.15 (4) 0	12.15 (4) 0	12.14 (4) 0	12.14 (4) 0	12.13 (4) 1	12.14 (13) 10	12.15 (13) 3
JUL 02	12.70 (1) 0	12.70 (1) 0	12.70 (1) 0	12.70 (1) 0	12.69 (1) 0	12.69 (1) 0	12.69 (1) 0	12.69 (1) 0	12.69 (1) 0	12.69 (1) 0
AUG 02	12.88 (1) 0	12.87 (1) 0	12.87 (1) 0	12.87 (1) 0	12.87 (1) 0	12.87 (1) 0	12.87 (1) 0	12.86 (1) 0	12.85 (1) 0	12.85 (1) 0

CME - CLASS IV MILK FUTURES - Dollars per cwt.

MAY 01	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0
JUN 01	15.10 (317) 2	15.11 (316) 1	15.09 (316) 0	15.05 (316) 0	15.05 (314) 0	15.05 (314) 0	15.20 (314) 0	15.20 (314) 2	15.30 (316) 0	15.25 (316) 0
JUL 01	15.30 (334) 1	15.30 (334) 0	15.30 (334) 0	15.30 (334) 1	15.25 (334) 0	15.25 (335) 1	15.25 (335) 0	15.25 (336) 5	15.25 (336) 0	15.25 (336) 0
AUG 01	15.25 (314) 2	15.25 (314) 0	15.25 (314) 0	15.25 (314) 0	15.25 (314) 6	15.42 (316) 2	15.42 (316) 0	15.42 (321) 5	15.40 (323) 2	15.40 (326) 3
SEP 01	15.11 (286) 10	14.71 (286) 0	14.71 (287) 1	15.00 (287) 0	15.00 (290) 4	15.25 (291) 1	15.25 (291) 0	15.25 (296) 5	15.25 (298) 2	15.25 (298) 0
OCT 01	14.95 (334) 10	14.95 (334) 0	14.95 (334) 0	14.95 (334) 0	14.95 (334) 0	14.95 (346) 12	14.95 (346) 0	14.95 (351) 8	14.75 (353) 2	14.85 (353) 0
NOV 01	14.15 (288) 0	14.15 (288) 0	14.15 (288) 0	14.15 (288) 0	14.15 (288) 0	14.15 (288) 0	14.15 (288) 0	14.15 (291) 3	13.95 (291) 0	13.95 (291) 0
DEC 01	13.85 (117) 0	13.85 (117) 0	13.85 (117) 0	13.85 (117) 0	13.85 (118) 6	13.85 (118) 0	13.85 (118) 0	13.85 (118) 0	13.85 (118) 0	13.85 (118) 0
JAN 02	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0

CME - BUTTER FUTURES -- Cents per pound

MAY 01	189.00 (39) 0	189.00 (39) 0	185.00 (39) 0	185.00 (22) 1	186.50 (22) 1	189.00 (22) 1	189.00 (25) 3	193.00 (25) 0	193.00 (15) 0	
JUL 01	193.75 (109) 5	190.00 (111) 3	186.00 (111) 1	189.00 (111) 4	190.00 (113) 3	192.50 (113) 1	193.00 (113) 0	196.00 (114) 1	196.00 (113) 6	194.00 (113) 7
SEP 01	196.50 (83) 5	191.50 (83) 2	189.00 (83) 1	190.00 (83) 0	190.00 (83) 0	192.50 (83) 0	193.52 (83) 0	198.00 (83) 0	198.00 (87) 4	196.00 (93) 6
OCT 01	190.00 (6) 0	188.00 (8) 2	185.00 (9) 1	185.00 (9) 0	185.00 (9) 0	186.00 (9) 0	186.00 (9) 0	186.00 (9) 0	186.00 (9) 0	186.00 (9) 0
DEC 01	169.00 (2) 0	167.00 (3) 1	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 14 - 25, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European milk production continues to increase seasonally, although early reports indicate that overall milk volumes are lagging last year at this time. Some of the factors milk handlers and producers are attributing to this decline are: cooler/wet weather conditions early on in the production season and the slaughter of dairy animals due to the foot and mouth disease situation. The milk production forecast for the year is that milk output will be lower than last year. These lighter than anticipated milk volume predictions are causing much concern to dairy product manufacturers. At this point, projections indicate that cheese production will remain strong during the current milk production season, thus limiting already lighter milk volumes for other manufactured dairy products. In light of this potential milk shortage, butter/powder prices are increasing sharply and quickly. International buying interest is reported as slow. The recent foot and mouth situation still is causing resistance for some buyers sourcing dairy products out of Europe, although a few traders are indicating that some buyer interest is starting to occur. For the most part, sales activity that is occurring is for internal or domestic needs. At this point, many European producers and handlers are comfortable with slower international sales activity so that they can reestablish workable inventories.

BUTTER/BUTTEROIL: Butter markets are firm with prices unchanged to higher. Milk production in Europe is not developing as strongly as estimated, thus butter/powder producers are very concerned about have sufficient milk to meet needs. At this point, there is no international buyer interest. Some of this inactive buyer interest is being attributed to the recent foot and mouth disease situation and also the knowledge of buyers that stocks are low. Thus butter that is being produced is being held with confidence or being absorbed by domestic markets.

82% BUTTERFAT:	1,450 - 1,500
99% BUTTERFAT:	1,400 - 1,600

SKIM MILK POWDER (SMP): European skim milk powder markets are firm with prices unchanged to generally higher. Milk production in Europe is trailing last year at this time and many butter/powder producers do not foresee output to recover what it has lost. Demand for milk during the current production season is projected to be very competitive. Reports indicate that cheese production will continue on the same strong track as last year, thus absorbing good volumes of milk. This will limit already lower volumes for other manufactured dairy products. At midweek, the export subsidy for skim milk powder was reduced. Many producers and traders were not surprised at this move and are attributing the reduction to firm prices and a budget saving measure.

1.25% BUTTERFAT:	2,050 - 2,200
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WHOLE MILK POWDER (WMP): European whole milk powder markets are generally steady at unchanged prices. Milk production in Eastern and Western Europe is seasonally increasing, although milk volumes are not at desired levels and they are trailing last year at this time. Milk handlers are directing available volumes to products of most need. At this time, international buyer interest is light for whole milk powder, thus production is limited in comparison to cheese and butter/skim milk powder.

26% BUTTERFAT:	1,900 - 2,100
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SWEET WHEY POWDER: Whey powder markets are steady to firm at unchanged prices. Cheese production is seasonally active, thus generating good volumes of whey. Projection indicate that cheese production will remain strong during the current milk production season, thus good volumes of whey should be available. At this point, some buyer interest is being reported for European whey, although producers and handlers continue to indicate that there seems to be reluctance on the part of buyers sourcing dairy products from Europe.

NONHYGROSCOPIC:	450 - 500
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OVERVIEW: EASTERN EUROPE: Conditions in Eastern Europe are much the same as they are in Western Europe. Milk production is increasing slowly and reports indicate that output is lagging last year. Lighter than anticipated milk volumes are also causing concern with dairy product manufacturers. Stocks of dairy products are low and many producers and handlers are rebuilding inventories. Traders indicate that there is some international buyer interest for Eastern European sourced dairy products.

OCEANIA

OVERVIEW: Milk production in Australia and New Zealand is nearing the seasonal end. A stronger than anticipated finish to the milk production season in both countries caused seasonal totals to be revised. In New Zealand, the production season will come to a close by the end of the month with estimates to be around 8% ahead of last year. In Australia, milk production has lagged last season for most of the year. Australia's production season will come to a close by the end of June with estimates running between 3 - 3.5% behind last season. The stronger than anticipated season end is providing some additional milk which is quickly absorbed into manufacture of various dairy products. For the most part, manufactured dairy product stocks are reported to be fully committed with minimal volumes available for spot buyer interest. Although the additional milk volumes are not significant, the extra product generated will help tight yearend stock levels. International buyer interest is active. Some international buyers are looking to the Oceania region to fill their needs, previously filled from European sources, although often, inquiries are going unfilled. Traders report that there appears to be reluctance on the part of some international buyers to procure Western European sourced dairy products in light of the recent foot and mouth disease situation.

BUTTER: Oceania butter markets are firm with prices unchanged to slightly higher. Stocks of butter are reported to be in close balance for commitments, with minimal volumes available for spot sales. Oceania traders indicate that recent sales to the United States have depleted most volumes that were additionally available. Milk production in both New Zealand and Australia is nearing its' seasonal end. Although the season finished stronger than previously projected, butter producers do not anticipate any significant additional volumes of butter to become available.

82% BUTTERFAT:	1,300 - 1,350
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CHEDDAR CHEESE: Oceania cheese markets are firm at unchanged prices. Ongoing buyer interest remains strong and the majority of available cheese has been committed to this need. Stocks of cheese are sufficient to meet committed needs, although there is minimal available for additional buyer interest. Oceania producers and handlers feel that they will be out of the international market until the new milk production season resumes in August/September of this year.

39% MAXIMUM MOISTURE:	2,025 - 2,250
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SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm with prices unchanged. Stocks of powder are reported to be fully committed with minimal volumes available for additional buyer interest. The recent foot and mouth disease situation in Europe has caused some buyers to look to Oceania sources for their needs or at least some additional volumes, but often these inquiries are going unfilled. Oceania producers and handlers indicate that, at the earliest, they will probably not be a source for powder, above and beyond commitments, until the new milk production season resumes in August/September.

1.25% BUTTERFAT:	2,075 - 2,200
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WHOLE MILK POWDER (WMP): Oceania whole milk powder markets are firm with prices basically unchanged. Stocks of powder are reported to be in close balance and, for the most part, fully committed. Producers and handlers state that stocks will be sufficient to fill previous commitments with very limited volumes, if any, available for spot buyer interest.

26% BUTTERFAT:	2,050 - 2,130
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Exchange rates for selected foreign currencies: MAY 21, 2001

.3981 Dutch Guilder	.4485 German Mark
.1337 French Franc	.4270 New Zealand Dollar
.1116 Mexican Peso	.5280 Australian Dollar
1.4402 British Pound	.0081 Japanese Yen
.2509 Polish Zloty	.8772 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1116)= 8.9606
That is 1 US Dollar equals 8.9606 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

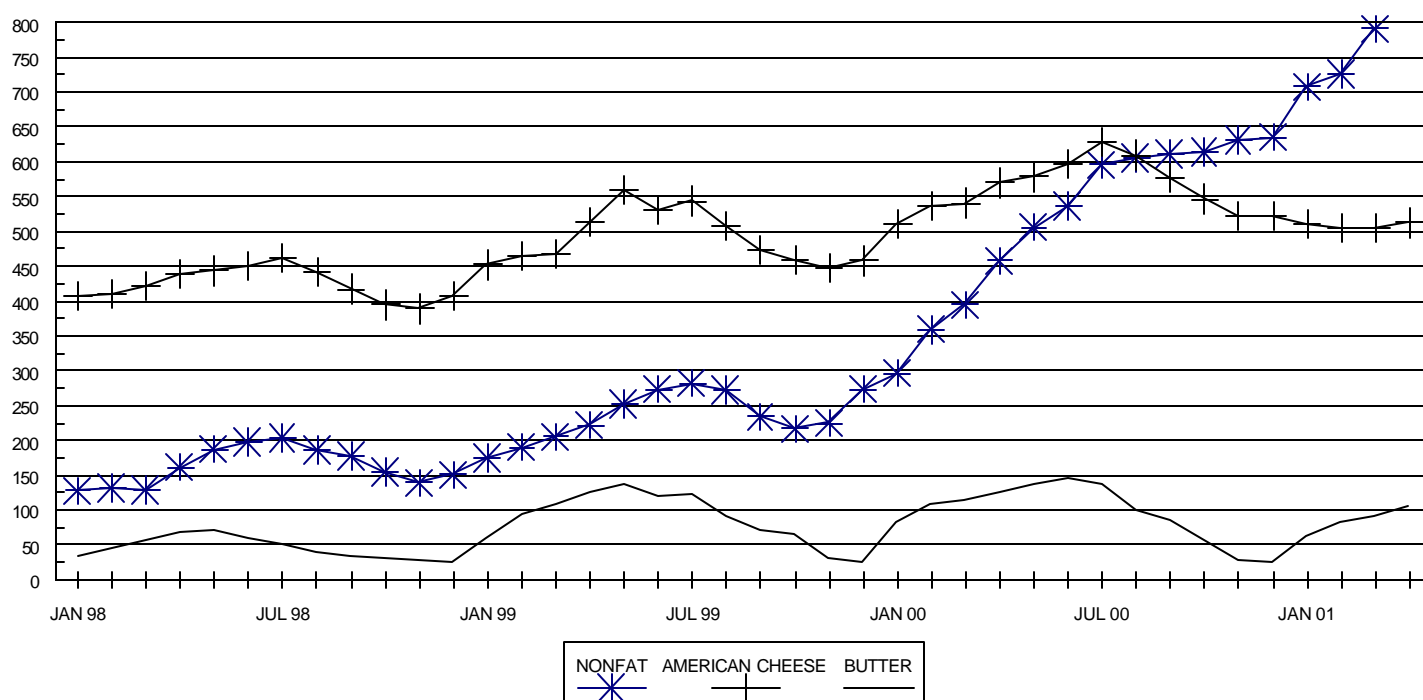
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 1999	MAR 31, 2000	REVISED MAR 31, 2001	APR 30, 1999	APR 30, 2000	APR 30, 2001
Butter	108,441	114,037	90,448	125,520	126,865	104,613
Cheese, Natural American	467,663	540,625	505,237	514,413	569,699	512,534
Cheese, Swiss	13,538	14,786	12,660	12,066	15,041	12,201
Cheese, Other Natural	163,850	209,709	198,447	162,172	209,287	196,084
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	181	339	717	67	229	624
Natural American Cheese	35	57	1,955	20	24	1,986

APRIL COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
New England	25,812	20,438	23,490	---	---	---	329	658	415
Middle Atlantic	45,782	44,634	50,785	---	---	---	8,218	13,680	14,835
East North Central	232,347	273,157	231,833	---	---	---	80,749	98,855	106,069
West North Central	140,084	118,789	98,487	---	---	---	62,323	73,418	57,388
South Atlantic	439	4,426	5,458	---	---	---	647	518	196
East South Central	219	0	0	---	---	---	320	188	156
West South Central	255	371	592	---	---	---	295	466	525
Mountain	12,876	13,138	14,932	---	---	---	609	5,332	6,309
Pacific	56,599	94,746	86,957	---	---	---	8,682	16,172	10,191
TOTAL	514,413	569,699	512,534	125,520	126,865	104,613	162,172	209,287	196,084

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS COMBINED GOVERNMENT AND COMMERCIAL

Million Pounds



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2000 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Million Pounds						Million Pounds						Million Pounds					
January	64	82	63	82	<u>3/</u>	<u>3/</u>	510	512	508	512	2	<u>3/</u>	708	296	145	146	563	150
February	81	108	81	107	<u>3/</u>	<u>3/</u>	505	536	503	536	2	<u>3/</u>	726	359	138	173	589	186
March	90	114	90	114	1	<u>3/</u>	505	541	503	541	2	<u>3/</u>	791	395	124	168	668	227
April	105	127	104	127	1	<u>3/</u>	513	570	511	570	2	<u>3/</u>		458		197		260
May		138		138		<u>3/</u>		578		578		<u>3/</u>		506		197		309
June		146		145		<u>3/</u>		597		597		<u>3/</u>		537		171		366
July		137		137		<u>3/</u>		628		628		<u>3/</u>		596		190		406
August		101		101		<u>3/</u>		610		609		<u>3/</u>		606		152		454
September		85		85		<u>3/</u>		577		576		1		611		130		481
October		58		58		<u>3/</u>		547		546		1		614		121		493
November		27		27		<u>3/</u>		523		522		1		631		110		521
December		24		24		<u>3/</u>		523		521		1		635		119		516

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 1999	Mar 31, 2000	Mar 31, 2001	Apr 30, 1999	Apr 30, 2000	Apr 30, 2001
	Thousand Pounds					
Butter	108,260	113,698	89,731	125,453	126,636	103,989
Natural American Cheese	467,628	540,568	503,282	514,393	569,675	510,548

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (4-01) and "Dairy Products," Da 2-6 (5-01), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, JUNE

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for June 2001 is \$14.99 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.90 and the advanced butterfat pricing factor of \$2.1033. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$7.90. Thus, the Class II skim milk price for June is \$8.60 per cwt., and the Class II nonfat solids price is \$0.9556. **Product Price Averages.** The two-week product price averages for June are; butter \$1.8397, nonfat dry milk \$1.0173, cheese \$1.4731, and dry whey \$0.2535.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/				
Federal Milk Order Marketing Area 3/	Order Number	June 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) 4/	001	18.24	11.15	2.1358
Appalachian (Charlotte) 5/	005	18.09	11.00	2.1343
Southeast (Atlanta) 6/	007	18.09	11.00	2.1343
Florida (Tampa) 7/	006	18.99	11.90	2.1433
Midwest (Cleveland) 8/	033	16.99	9.90	2.1233
Upper Midwest (Chicago) 9/	030	16.79	9.70	2.1213
Central (Kansas City) 10/	032	16.99	9.90	2.1233
Southwest (Dallas) 11/	126	17.99	10.90	2.1333
Arizona-Las Vegas (Phoenix) 12/	131	17.34	10.25	2.1268
Western (Salt Lake City) 13/	135	16.89	9.80	2.1223
Pacific Northwest (Seattle) 14/	124	16.89	9.80	2.1223
All-Market Average		17.57	10.48	2.1291

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other cities are: Portland, same; and Spokane, same.

MARCH FLUID MILK SALES

During March, about 4.5 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.3 percent higher than March 2000. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from March 2000, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

Editor's Note: This data also can be found at www.ams.usda.gov/dairy/mmhos.htm.

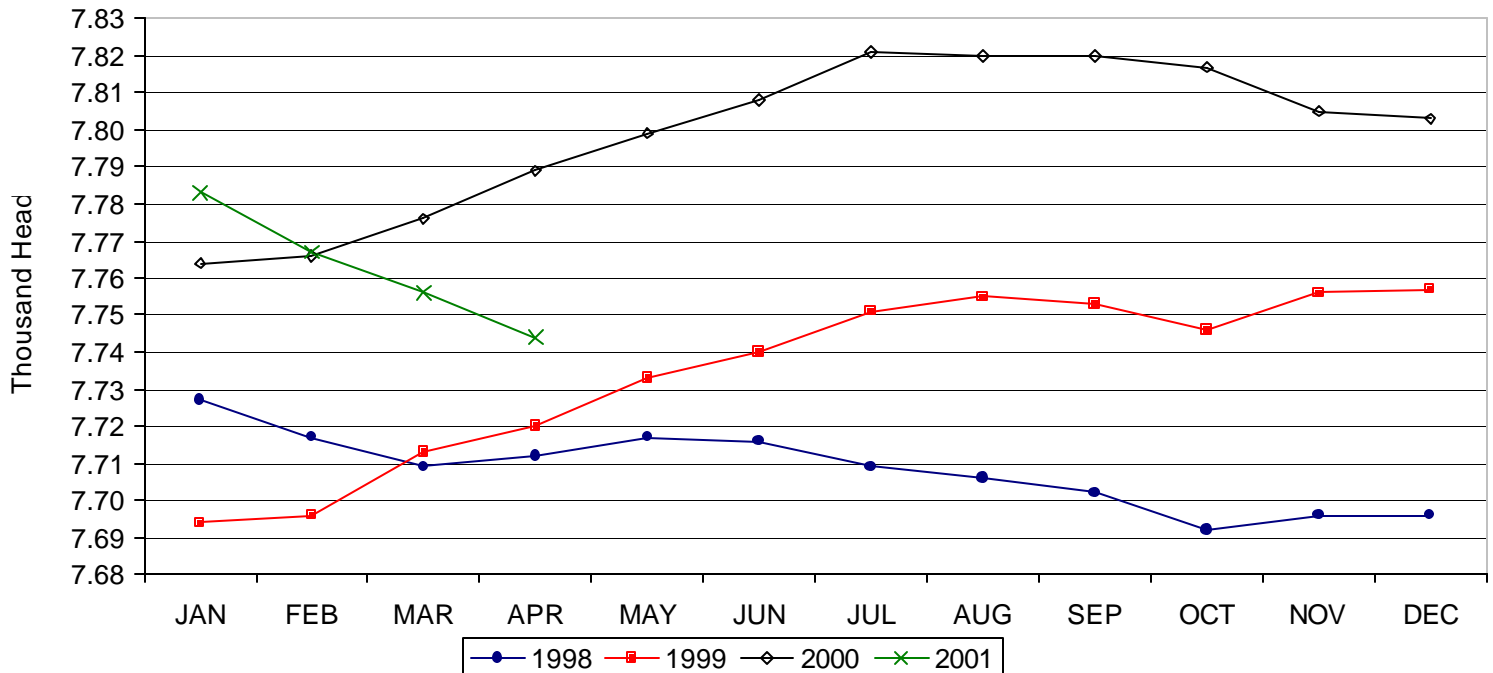
**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY
FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 2001, WITH COMPARISONS 1/**

Product Name/ Marketing Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	Mar	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>4/</u>	1,597	4,568	0.1	-1.3
Reduced Fat Milk (2%)	1,435	4,127	1.5	1.2
Low Fat Milk (1%) <u>5/</u>	770	2,199	1.0	0.3
Fat-Free Milk (Skim)	688	1,972	-2.5	-2.5
Buttermilk	50	140	-4.9	-5.8
Total Fluid Milk Products <u>2/</u>	4,548	13,027	0.3	-0.6
Northeast (001)	876	2,465	1.8	-0.8
Appalachian (005)	307	884	-2.2	-3.1
Southeast (007)	435	1,253	1.1	-0.5
Florida (006)	260	741	1.6	2.0
Mideast (033)	566	1,633	-1.8	-3.2
Upper Midwest (030)	387	1,115	0.7	0.1
Central (032)	408	1,189	1.0	1.8
Southwest (126)	359	1,050	-1.2	0.1
Ariz.-Las Vegas/Western (131/135) <u>6/</u>	184	536	-1.9	0.9
Pacific Northwest (124)	191	549	1.4	1.1
California (---)	575	1,614	0.7	-0.7

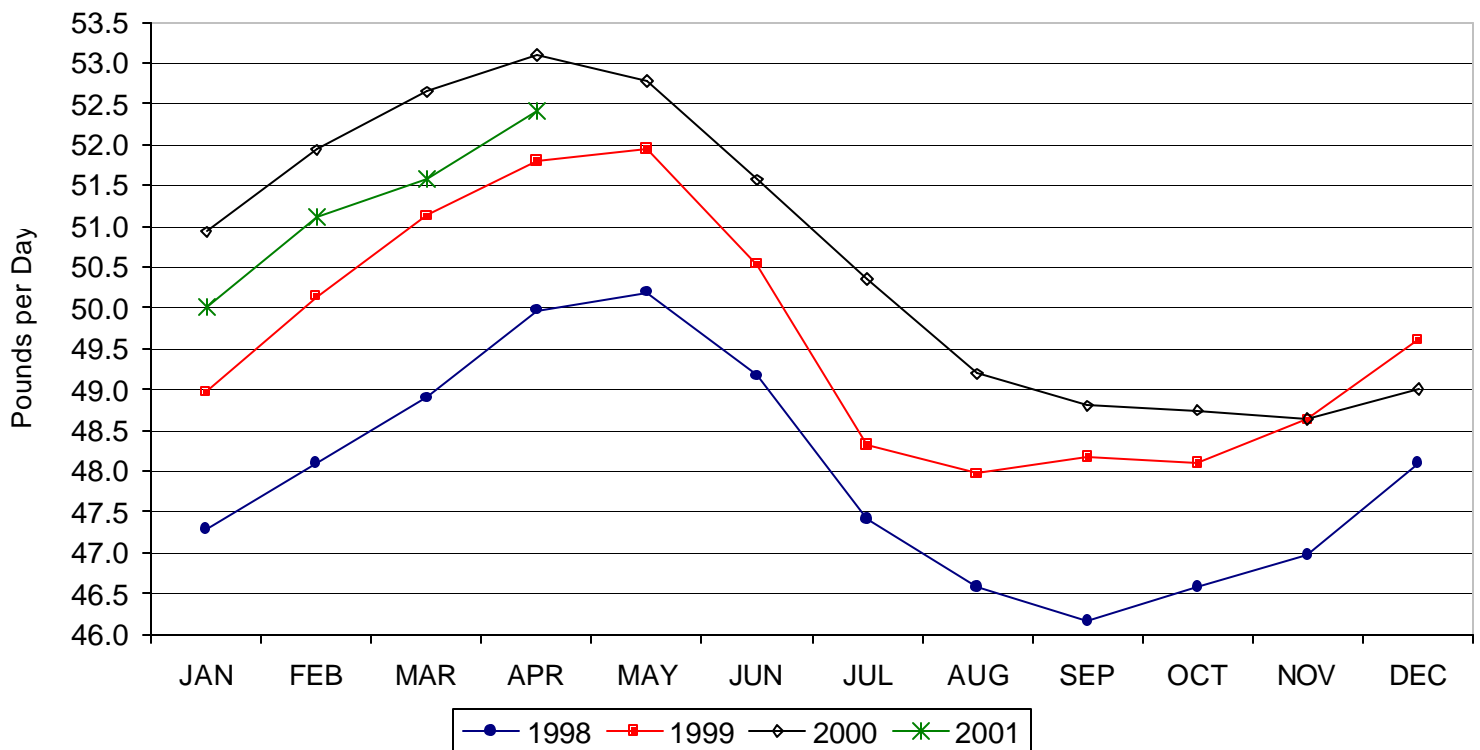
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. 3/ Percent changes have been adjusted for calendar composition. 4/ Includes flavored whole milk. 5/ Includes flavored fat-reduced milk. 6/ The data for these markets have been combined for reporting purposes.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MILK COW NUMBERS - 20 MAJOR STATES



20 States Daily Average Milk Output Per Cow



Graph USDA, DMN; Source USDA, NASS

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 21 - 25, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 05/18/01	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	954,584	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,538,184	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,587,731	-0-	6,587,731	301,574,318	316,252,042	535,225,000	-0-
Fortified	396,677	-0-	396,677	28,051,923	5,313,347	38,128,000	-0-
TOTAL	6,984,408	-0-	6,984,408	329,626,241	321,565,389	573,353,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 21 - 25, 2001 =	1.5	81.3	COMPARABLE WEEK IN 2000 =	10.6	206.6
CUMULATIVE SINCE OCTOBER 1, 2000 =	174.7	3,946.5	CUMULATIVE SAME PERIOD LAST YEAR =	131.1	3,807.7
CUMULATIVE JANUARY 1 - MAY 25, 2001 =	58.2	2,463.9	COMPARABLE CALENDAR YEAR 2000 =	119.9	3,214.6

* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 21 - 25, 2001 (POUNDS)

REGION	BUTTER				CHEESE		NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,587,731	396,677
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	6,457,656	3,502,074	38,017,420	32.1	51.8
WEST	-0-	-0-	5,039,919	80,528	326,124,167	280,872,080	67.7	47.7
EAST	-0-	-0-	39,600	-0-	-0-	2,675,889	0.2	0.5
TOTAL	-0-	-0-	11,074,959	6,538,184	329,626,241	321,565,389	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.6549 per pound; 1# Prints \$.6849

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$1.0032 per pound; Fortified \$1.0132; Instant \$1.1607

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/05/01 & Comparable Week 2000

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2001-Dairy	0.2	0.7	5.4	4.8	19.6	2.1	1.5	0.8	9.9	2.2	47.1	973.2
2000-Dairy	0.2	1.0	5.7	5.0	19.2	2.5	0.7	0.8	9.4	2.7	47.2	940.5
2001-All cows	0.3	0.8	7.0	14.9	28.9	13.9	17.8	5.0	12.8	6.5	107.9	1,989.7
2000-All cows	0.2	1.2	7.8	13.4	28.1	14.8	13.9	3.8	11.7	6.4	101.3	1,862.5

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99						
II	12.82	13.43	14.17	15.10								
III	9.99	10.27	11.42	12.06								
IV	12.13	12.70	13.46	14.41								

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm